

AMENDED IN SENATE AUGUST 24, 1998  
AMENDED IN SENATE AUGUST 20, 1998  
AMENDED IN SENATE AUGUST 3, 1998  
AMENDED IN ASSEMBLY APRIL 23, 1998  
AMENDED IN ASSEMBLY APRIL 13, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2088**

**Introduced by Assembly Member Floyd**

February 18, 1998

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An act to amend Section 21201 of, and to add Section 21204 to, the Financial Code, relating to pawnbrokers.

LEGISLATIVE COUNSEL'S DIGEST

AB 2088, as amended, Floyd. Pawnbrokers.

Existing law provides a comprehensive scheme for the regulation of pawnbrokers, including property in the possession of a pawnbroker.

Existing law requires a pawnbroker, if a pledged article is not redeemed during the specified 4-month loan period, to notify the borrower in writing of the termination of the loan period and extending the right of redemption for a period of 10 days from the date of mailing of that notice.

This bill would ~~instead specify a 3-month loan period for pledged articles, and would~~ provide that the 10-day redemption period is extended to the next business day if the pawnshop is closed on the 10th day.

This bill would also require a pawnbroker, upon redemption of a loan contract, to present the borrower with a receipt stating in detail the fees, charges, and compensation paid by the borrower to the pawnbroker.

A violation of the provisions regulating pawnbrokers is a crime. By adding new requirements with respect to the duties of pawnbrokers to borrowers, this bill would expand the scope of an existing crime, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

*This bill would also provide that the proposed changes to Section 21201 of the Financial Code shall not become operative if SB 1685 is also enacted and becomes operative, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 21201 of the Financial Code is  
2 amended to read:  
3 21201. Every loan made by a pawnbroker for which  
4 goods are received in pledge as security shall be  
5 evidenced by a written contract, a copy of which shall be  
6 furnished to the borrower. The loan contract shall  
7 provide a ~~three-month~~ four-month loan period, shall set  
8 forth the loan period and the date on which the loan is due  
9 and payable, and shall clearly inform the borrower of his  
10 or her right to redeem the pledge during the loan period.  
11 Every loan contract shall contain the following notice,  
12 in at least 8-point bold face type and circumscribed by a  
13 box, immediately above the space for the borrower's  
14 signature:  
15 "You may redeem the property you have pledged at  
16 any time until the close of business on \_\_\_\_ [fill in date



1 ~~three~~ *four* months from date loan begins]. To redeem, you  
2 must pay the amount of the loan and the applicable  
3 charges which have accrued through the date on which  
4 you redeem.”

5 Every pawnbroker shall retain in his or her possession  
6 every article pledged to him or her for a period of ~~three~~  
7 *four* months. During such period the borrower may  
8 redeem the articles upon payment of the amount of the  
9 loan and the applicable charges.

10 If any pledged article is not redeemed during the  
11 ~~three-month~~ *four-month* loan period as provided herein,  
12 and the borrower and pawnbroker do not mutually agree  
13 in writing to extend the loan period, the pawnbroker shall  
14 notify the borrower within 30 days after expiration of the  
15 loan period. If the pawnbroker fails to notify the borrower  
16 within 30 days after the expiration of the loan period, the  
17 pawnbroker shall not charge interest from the day after  
18 the expiration of the 30-day period. The pawnbroker shall  
19 notify the borrower either by registered mail, or by  
20 certified mail, or by regular mail for which a certificate  
21 of mailing is issued by the United States Postal Service  
22 addressed to his or her last known address of the  
23 termination of the loan period, and extending the right of  
24 redemption, during posted business hours, for a period of  
25 10 days from date of mailing of that notice. The 10-day  
26 notice shall include a statement that: ‘If the tenth day falls  
27 on a day when the pawnshop is closed, the time period is  
28 extended to the next day that the pawnshop is open.”

29 However, the posted schedule of charges required  
30 pursuant to Section 21200.5 shall contain a notice  
31 informing the borrower that if he or she desires, the  
32 pawnbroker shall send the notice of termination of the  
33 loan period by registered or certified mail with return  
34 receipt requested, upon prepayment of the mailing costs.  
35 If any pledged article is not redeemed within the 10-day  
36 notice period, the pawnbroker shall become vested with  
37 all right, title, and interest of the pledgor, or his or her  
38 assigns, to the pledged article, to hold and dispose of as his  
39 or her own property. Any other provision of law relating  
40 to the foreclosure and sale of pledges shall not be

1 applicable to any pledge the title to which is transferred  
2 in accordance with this section. The pawnbroker shall not  
3 sell any article of pledged property until he or she has  
4 become vested with the title to that property pursuant to  
5 this section. The sale of pledged property is a  
6 misdemeanor pursuant to Section 21209.

7 SEC. 2. Section 21204 is added to the Financial Code,  
8 to read:

9 21204. Every pawnbroker, upon redemption of a loan  
10 contract, shall provide the borrower with a receipt that  
11 correctly states in detail all of the fees, charges, and  
12 compensation paid by the borrower to the pawnbroker.

13 SEC. 3. No reimbursement is required by this act  
14 pursuant to Section 6 of Article XIII B of the California  
15 Constitution because the only costs that may be incurred  
16 by a local agency or school district will be incurred  
17 because this act creates a new crime or infraction,  
18 eliminates a crime or infraction, or changes the penalty  
19 for a crime or infraction, within the meaning of Section  
20 17556 of the Government Code, or changes the definition  
21 of a crime within the meaning of Section 6 of Article  
22 XIII B of the California Constitution.

23 Notwithstanding Section 17580 of the Government  
24 Code, unless otherwise specified, the provisions of this act  
25 shall become operative on the same date that the act  
26 takes effect pursuant to the California Constitution.

27 SEC. 4. *Section 1 of this act shall not become*  
28 *operative if Senate Bill 1685 of the 1997–98 Regular*  
29 *Session is also enacted and becomes operative on or*  
30 *before January 1, 1999, and that bill amends Section 21201*  
31 *of the Financial Code.*